

Message Text

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SUBJ: PROJECTS DISCUSSED DURING VISIT OF EXIMBANK OFFICIALS

REF: SAIGON 11432

SUMMARY: DURING THE VISIT OF EXIMBANK CHAIRMAN CASEY AND HIS PARTY TO SAIGON, THE SATELLITE EARTH STATION, PREFABRICATED BUILDINGS FOR THE SAIGON EXPORT PROCESSING ZONE, ENGINEERING STUDY OF CAM RANH INDUSTRIAL PARK AND COOPERATIVE FINANCING FACILITY ATTRACTED SPECIAL ATTENTION. ALTHOUGH NO FIRM COMMITMENTS WERE MADE, EXIMBANK OFFICIALS PRIOR TO THEIR DEPARTURE INDICATED THAT THEY ARE READY AND WILLING TO FINANCE SOME PROJECTS IN VIETNAM. END SUMMARY.

1. DURING EXIMBANK CHAIRMAN CASEY AND HIS PARTY'S BRIEF BUT FRUITFUL VISIT TO SAIGON, THE FOLLOWING PROJECTS ATTRACTED SPECIAL ATTENTION:

A. SATELLITE EARTH STATION

VIETNAM TELECOMMUNICATIONS AUTHORITY (VTA) PRESENTED A COMPREHENSIVE MEMORANDUM ON THE PROJECT TO EXIMBANK OFFICIALS. AFTER DISCUSSING THE PROJECT, BOTH SIDES AGREED THAT THE MEMORANDUM WOULD CONSTITUTE A FORMAL APPLICATION FOR FINANCING OF THE PROJECT.

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(SOME OF THE DATA IN THE MEMORANDUM SEEM TO BE OVERLY CONSERVATIVE.)

MTI OFFICIALS ADMITTED THAT THEY WOULD LIKE SOFTER TERMS THAN THOSE MENTIONED BY EXIMBANK OFFICIALS, POINTING TO VTA'S OVERALL FINANCIAL NEEDS.

B. PREFABRICATED BUILDINGS FOR SAIGON EXPORT PROCESSING ZONE (SEPZ)

MINISTER OF TRADE AND INDUSTRY (MTI) ASKED EXIMBANK TO FINANCE FOREIGN EXCHANGE COST ESTIMATED AT \$2.5 MILLION FOR 60 PREFABRICATED BUILDINGS. THEY COULD BE PUT UP IN SIX MONTHS, ENABLING SEPZ TO GET STARTED MUCH EARLIER. THESE BUILDINGS WOULD BE RENTED TO SOME 25 INDUSTRIAL FIRMS WHO ARE EXPECTED TO BECOME ESTABLISHED IN SEPZ OVER THE NEXT FEW YEARS.

C. ENGINEERING STUDY OF CAM RANH INDUSTRIAL PARK

MTI MENTIONED POSSIBILITY OF EXIMBANK FINANCING ENGINEERING STUDY OF CAM RANH INDUSTRIAL PARK ESTIMATED TO COST \$5-10 MILLION. BECHTEL WAS MENTIONED AS SUITABLE AMERICAN FIRM TO DO SUCH A STUDY. EXIMBANK OFFICIALS FELT IT HIGHLY DESIRABLE TO HAVE LARGE REPUTABLE AMERICAN FIRM FOR STUDY SINCE OTHER AMERICAN FIRMS WOULD HAVE CONFIDENCE IN INVESTING IN INDUSTRIAL PROJECTS THERE ON THE BASIS OF THE STUDY. EXIMBANK MAY SUGGEST ONE OR MORE US FIRMS TO CONTACT MTI ON ENGINEERING STUDY.

D. COOPERATIVE FINANCING FACILITY

EXIMBANK OFFICIALS THOUGHT THAT THIS FACILITY COULD BE EXTENDED TO ELIGIBLE LOCAL FINANCIAL INSTITUTIONS TO FINANCE EXPORTS OF U.S. PRODUCTS. GOVERNOR OF NATIONAL BANK FOR VIETNAM STATED THERE IS NO LEGAL BARRIER FOR THIS ARRANGEMENT.

2. IN ADDITION, A MEMORANDUM MENTIONING THE FOLLOWING ADDITIONAL PROJECTS WAS GIVEN TO CHAIRMAN CASEY: \$7 MILLION FOR HILTON HOTEL, \$5-10 MILLION FOR AMMONIA UREA FERTILIZER PLANT, \$1 MILLION TO INDUSTRIAL DEVELOPMENT BANK, \$5 MILLION FOR PURCHASE OF DREDGES, AND \$300,000 FOR WOOD PROCESSING PLANT. THERE WERE VIRTUALLY NO DISCUSSIONS ABOUT THESE PROJECTS IN THE LIMITED TIME AVAILABLE.

3. THE HYATT HOTEL PROJECT ALTHOUGH MENTIONED BY LIMITED OFFICIAL USE

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PRESIDENT THIEU (REFTTEL) WAS NOT DISCUSSED AT THE WORKING LEVEL. HOWEVER, EXIM IS ALREADY INTOUCH WITH THE HYATT HOTEL PROMOTERS. THE BANK NOTE PRINTING PLANT IS NO LONGER IN THE RUNNING SINCE THE CABINET AT THE URGING OF FINANCE MINISTER NHAN HAS DECIDED TO POSTPONE GOING AHEAD WITH THIS PROJECT.

4. ALTHOUGH NO FIRM COMMITMENTS WERE MADE CHAIRMAN CASEY TOLD ME PRIVATELY THAT HE EXPECTS HIS BOARD WILL GO ALONG WITH HIS

RECOMMENDATION THAT EXIM PROCEED WITH FINANCING ONE OR SEVERAL
OF THE ABOVE PROJECTS.
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